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THE WHITE HOUSE

WASHINGTON

April 8, 1985

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SIG-IEP

MEMORANDUM FOR THE HONORABLE JAMES A. BAKER, III
The Secretary of the Treasury

SUBJECT: Commerce Request for SIG-IEP Meeting
on CIA Soviet Energy Studies [REDACTED]

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I understand Mac Baldrige wrote to you requesting a SIG-IEP meeting on recent CIA studies concerning Soviet energy strategy. We commissioned these studies, which were completed in December, for NSC internal use. As we have now completed our internal evaluation, we are in the process of distributing the studies on a restricted basis to principals at the Departments of State, Defense, Treasury and Commerce. We do not believe, however, it is necessary that the Soviet energy issue be the sole subject of a SIG-IEP meeting or a separate agenda item. Consistent with the successful precedent established in preparations for the January Economic Working Group meetings in Moscow, I believe this issue is best discussed in the context of the numerous issues requiring policy consideration in preparation for the Joint Commercial Commission (JCC) scheduled for late May. [REDACTED]

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The President made a decision in January 1985, embodied in NSDD-155, to the effect that all non-COCOM controlled oil and gas equipment can continue to be licensed for export to the USSR with a presumption of approval, but that any official endorsements or promotional activities accompanying such sales are inappropriate pending further policy review. I believe recent events underscore the correctness of the President's January decision. The collapse of the Sleipner negotiations. [REDACTED]

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and the announced Soviet threat to cut off energy exports to the United Kingdom in support of striking British miners (later withdrawn), all point to the need for continued U.S. vigilance to prevent the Soviet Union from successfully dominating Western Europe's gas markets. [REDACTED]

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In such an atmosphere, the appearance of U.S. endorsement or promotion of U.S. energy equipment sales to the Soviets would prove detrimental to our already fragile allied consensus on limiting Europe's dependency on Soviet gas (IEA Agreement of May 1983), and play into the Soviet

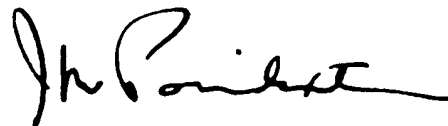
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disinformation strategy based on portraying the U.S. as cynically attempting to secure a preferred position for U.S. suppliers at the expense of European suppliers.

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for Robert C. McFarlane

cc: The Secretary of State
The Secretary of Defense
The Secretary of Commerce
The Director of Central Intelligence

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